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FRANK M. FEINBERG

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# THE U.S. ECONOMY'S UPWARD TREND

ANNCR:

THE U.S. ECONOMY CURRENTLY IS PROGRESSING AT A SLOWER RATE THAN EARLIER THIS YEAR. BUT THERE ARE SIGNS OF A LONG-TERM, BALANCED EXPANSION. VOA BUSINESS EDITOR FRANK FEINBERG HAS THIS ASSESSMENT:

VOICE:

THE FORD ADMINISTRATION SAYS THE SLOWER PACE OF BUSINESS ACTIVITY REPRESENTS A PAUSE CHARACTERISTIC OF PAST ECONOMIC UPTURNS. PRESIDENTIAL ADVISER ALLAN GREENSPAN SAYS RECOVERIES DO NOT MOVE ALONG AT A UNIFORM RATE. HE SAYS HE EXPECTS THE ECONOMY TO ACCELERATE ITS EXPANSION SHORTLY, BUT NOT LIKELY AT THE NINE PERCENT GROWTH RATE EXPERIENCED IN THE FIRST OF THIS YEAR. MISTER GREENSPAN'S EVALUATION IS MORE OR LESS SHARED BY A NUMBER OF NON-GOVERNMENTAL AUTHORITIES, ALTHOUGH THERE ARE THOSE WHO MAINTAIN THAT THE ECONOMY HAS LOST A LOT OF ITS STEAM AND NEEDS STRONGER GOVERNMENT STIMULATION.

ONE CLOSELY WATCHED FORECAST, THAT OF THE UNIVERSITY OF PENNSYLVANIA, PREDICTS THAT REAL GROSS NATIONAL PRODUCT IN THE UNITED STATES--AFTER ADJUSTMENT FOR INFLATION--SHOULD GROW SIX PERCENT THIS YEAR. BANK EXECUTIVES IN MAJOR CITIES EXPECT THE ECONOMY TO DO WELL, ALTHOUGH AT A SEDATE RATHER THAN RUNAWAY RATE. THE BANKERS THINK THERE WILL BE A HEAVY DEMAND NEXT YEAR FOR LOANS TO INVEST IN NEW PLANT AND EQUIPMENT--COMMONLY CALLED CAPITAL SPENDING.

INDEED MUCH OF THE ECONOMIC PROGNOSIS RELIES ON CAPITAL SPENDING TO BE THE CATALYTIC AGENT FOR CONTINUED GROWTH. CONSUMER SPENDING HAS BEEN THE PRINCIPAL FACTOR IN THE NINETEEN MONTHS OF IMPROVEMENT FROM THE RECESSION. AND CAPITAL SPENDING--PARTICULARLY IN BASIC INDUSTRIES SUCH AS ALUMINUM, PUBLIC UTILITIES AND STEEL--IS EXPECTED TO BE SUBSTANTIAL NEXT YEAR. THE NATION'S UTILITIES LIFTED THEIR APPROPRIATIONS FOR NEW PLANT AND EQUIPMENT TO TWELVE AND ONE-THIRD THOUSAND MILLION DOLLARS IN THIS YEAR'S SECOND QUARTER.

U.S. INDUSTRY TO A GREAT EXTENT DETERMINES ITS CAPITAL SPENDING ON THE BASIS OF HOW FULLY EXISTING FACILITIES ARE BEING USED, AND THE FUTURE OUTLOOK. IN AUGUST THE RATE OF CAPACITY UTILIZATION WAS FOUR POINT FIVE PERCENTAGE POINTS ABOVE AUGUST OF LAST YEAR. THIS IS ENCOURAGING, AS IS ALSO A HEALTHY INCREASE IN ORDERS IN SEPTEMBER FOR MACHINE TOOLS. THE ECONOMIC IMPETUS FROM CAPITAL EXPENDITURES HAS NOT BEEN REALIZED AS YET. BUT IT IS HOPED THAT SIGNIFICANT BUSINESS SPENDING WILL ADD TO THE STRENGTH OF THE ECONOMIC RECOVERY BY EARLY NEXT YEAR.

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